

# House File 681 - Introduced

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## A BILL FOR

1 An Act relating to areas established as fruit-tree or forest  
2 reservations for purposes of a property tax exemption and  
3 including effective date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427C.1, Code 2011, is amended to read as  
2 follows:

3 **427C.1 Tax exemption.**

4 Any person who establishes a ~~forest or~~ fruit-tree or forest  
5 reservation located in an eligible county as provided in this  
6 chapter shall be entitled to the tax exemption provided ~~by law~~  
7 in section 427C.12.

8 Sec. 2. Section 427C.12, Code 2011, is amended to read as  
9 follows:

10 **427C.12 Application — inspection — ~~continuation of~~**  
11 **~~exemption — recapture of tax exemption.~~**

12 1. ~~It shall be the duty of the~~ The assessor ~~to shall~~ secure  
13 the facts relative to fruit-tree and forest reservations by  
14 taking the sworn statement, or affirmation, of the owner or  
15 owners making application under this chapter; and ~~to shall~~ make  
16 a special report to the county auditor of all areas established  
17 as fruit-tree and forest reservations made in the county under  
18 the provisions of this chapter.

19 2. The board of supervisors shall designate the county  
20 conservation board or the assessor ~~who shall~~ as the entity  
21 responsible to inspect the area for which an application is  
22 filed for a fruit-tree or forest reservation tax exemption  
23 before the application is accepted. ~~Use of aerial~~ Aerial  
24 photographs may be substituted for an on-site inspection when  
25 appropriate. The application ~~can~~ shall only be accepted if  
26 ~~it~~ the area meets the criteria established by the natural  
27 resource commission to be established as a fruit-tree or forest  
28 reservation.

29 3. ~~Once the~~ Except as otherwise provided in this section,  
30 once an application submitted under subsection 2 has been  
31 ~~accepted~~ approved, the area shall ~~continue to~~ be qualified to  
32 receive the tax exemption during each year in which the area is  
33 maintained as a fruit-tree or forest reservation without the  
34 owner having to refile an application.

35 a. Upon evidence that the area is not maintained as a

1 fruit-tree or forest reservation, the assessor shall require  
2 that the owner refile the application for each succeeding year,  
3 until the assessor or county conservation board, as applicable,  
4 is satisfied that the area is maintained as a fruit-tree or  
5 forest reservation. If the assessor has evidence that the area  
6 is used to hunt by persons other than the owner or the owner's  
7 family, the owner shall have the burden of proof that the area  
8 is not maintained for economic gain prohibited in this section.

9 b. If the ~~property~~ area is sold or transferred, the seller  
10 shall notify the buyer that all, or part of, the ~~property~~ area  
11 is ~~in~~ established as a fruit-tree or forest reservation and  
12 subject to the recapture tax provisions of this section. The  
13 tax exemption shall continue to be granted for the remainder of  
14 the eight-year period for a fruit-tree reservation and for the  
15 following years for a forest reservation or until the ~~property~~  
16 area no longer qualifies as a fruit-tree or forest reservation  
17 as provided in this chapter, whichever is earlier.

18 4. a. The assessor shall not approve an application if more  
19 than fifteen percent of the acres owned in the county by the  
20 applicant is applied for as a fruit-tree or forest reservation.

21 b. Notwithstanding paragraph "a", an area that received a  
22 tax exemption as a fruit-tree or forest reservation prior to  
23 February 1, 2012, shall continue to receive the tax exemption  
24 as otherwise provided in this section until the earlier of the  
25 following dates:

26 (1) The date that the tax exemption granted to a fruit-tree  
27 reservation expires as provided in section 427C.7.

28 (2) The date that the area no longer qualifies as a  
29 fruit-tree or forest reservation as provided in this chapter.

30 (3) Eight years after February 1, 2012.

31 5. The area approved as a fruit-tree or forest reservation  
32 eligible to receive a tax credit may be inspected each year by  
33 the county conservation board or the assessor to determine if  
34 the area is maintained as a fruit-tree or forest reservation.

35 6. If ~~the~~ an area is not maintained or is used for economic

1 gain other than as a fruit-tree reservation during any year of  
2 the eight-year exemption period and any year of the following  
3 five years or as a forest reservation during any year for which  
4 the exemption is granted and any of the five years following  
5 those exemption years, the assessor shall assess the property  
6 for taxation at its fair market value if the property is  
7 classified as residential, commercial, or industrial property,  
8 and at its value based on productivity if the property is  
9 classified as agricultural property, as of January 1 of that  
10 year and in addition the area shall be subject to a recapture  
11 tax. However, the area shall not be subject to the recapture  
12 tax if the owner, including one possessing under a contract of  
13 sale, and the owner's direct antecedents or descendants have  
14 owned the area for more than ten years. In addition, the area  
15 shall not be subject to the recapture tax until the area is  
16 transferred to a new owner. The area shall not qualify as  
17 a fruit-tree or forest reservation for ten years after the  
18 recapture tax has been assessed. The tax shall be computed by  
19 multiplying the consolidated levy for each of those years, if  
20 any, of the five preceding years for which the area received  
21 the exemption for fruit-tree or forest reservation times the  
22 assessed value of the area that would have been taxed but  
23 for the tax exemption. This tax shall be entered against  
24 the property on the tax list for the current year and shall  
25 constitute a lien against the property in the same manner as  
26 a lien for property taxes. The tax when collected shall be  
27 apportioned in the manner provided for the apportionment of the  
28 property taxes for the applicable tax year.

29 Sec. 3. EFFECTIVE DATE. This Act takes effect on January  
30 1, 2013.

31 Sec. 4. APPLICABILITY. This Act applies to applications  
32 for fruit-tree or forest reservation exemptions first filed  
33 pursuant to section 427C.12 on or after January 1, 2013.

34

EXPLANATION

35 This bill makes changes relating to areas established as

1 a fruit-tree or forest reservation and granted a 100 percent  
2 exemption from property taxation. The bill provides that upon  
3 evidence that an area is not maintained as a fruit-tree or  
4 forest reservation, the assessor may require that the owner  
5 refile the application for each succeeding year. The owner may  
6 have the burden of proving to the assessor that the area is not  
7 maintained for economic gain.

8 The bill prohibits the assessor from approving an  
9 application for a reservation if more than 15 percent of the  
10 acres owned in the county by the applicant would qualify as a  
11 fruit-tree or forest reservation. The bill does not affect a  
12 person who has placed more than 15 percent of the acres in a  
13 reservation prior to February 1, 2012, until the tax exemption  
14 expires, the area no longer qualifies as a fruit-tree or forest  
15 reservation, or eight years after February 1, 2012. The bill  
16 amends a provision which provides for the assessment of an area  
17 which fails to retain its qualifying status as a fruit-tree  
18 or forest reservation. The bill provides that the area is  
19 subject to the recapture tax when ownership is transferred and  
20 cannot requalify for 10 years after the recapture tax has been  
21 assessed.

22 The bill takes effect January 1, 2013, and applies to  
23 applications for exemption first filed on or after January 1,  
24 2013.